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Established 1887



MOVING UP.—An Israeli self-propelled cannon moving into a new position in the occupied Golan Heights where Israelis and Syrians have been skirmishing and exchanging artillery fire. In the background is Mount Hermon.

Syrians Seize Two UN Observers

Israel Reinforces Golan Heights Forces

TEL AVIV, April 1 (AP).—Israel reinforced its front-line forces on the Golan Heights today and stepped up its alert to check new Syrian troop movements, the military command announced.

The announcement was made as Israeli and Syrian forces exchanged artillery fire on the

Golan Heights for the 21st straight day.

A spokesman said that Israeli intelligence reported "new Syrian military activity" across the truce line and sent reinforcements to strengthen forward positions.

The Israeli state radio said today that Syrian Army units have seized two UN cease-fire observ-

ers on the Golan front, apparently mistaking them for Israeli soldiers.

It said that the UN observers were taken from their outposts between Israel and Syrian forces and were in a Damascus hospital tonight. The radio said that they had been led, barefoot, to Syrian lines before their identity was discovered.

At UN headquarters in New York, a spokesman said that the two were picked up by a Syrian patrol on the Israeli side of the truce line last night and were taken to the Italian hospital in Damascus. He said that they were not injured.

In Damascus, government sources acknowledged today that Syrian troops had taken the UN observers into custody, mistaking them for Israeli soldiers. The sources said that the UN men were visited by the Syrian defense minister, Lt. Gen. Mustafa Tlas, in a hospital today. Gen. Tlas later said that they were in good health and being treated well.

The UN spokesman identified the two as Capt. J. A. Mortell of Ireland and J. J. Holly of the United States. Soviet and American contingents are among the UN observers on the Golan front.

The Israeli command said that the Syrians shelled two civilian settlements in the southern section of the Golan area captured in the 1967 war. It was the first time in more than a month that a settlement was hit, the command said.

No casualties were reported, but the state radio said that water and electricity supplies to two collective farms were disrupted.

The military command said that the Syrians' artillery fell short after Israeli guns answered their fire.

Territory Claim

"Kirkuk is Kurdistan," Gen. Barsani said. "We hold the government that many times."

Asked whether his forces, called Pesh Merga, would consider attacking Iraq, on installations in Kirkuk in the event of war, he replied: "If war breaks out, there are possibilities. We should use them."

The general said that Iraqi Kurdistan was planning to proclaim autonomy unilaterally within its own version of self-rule for the Kurds, with formation of an 80-man legislative body in Erbil, northern Iraq. Gen. Barsani dismissed this as "fake autonomy" and totally unacceptable.

Tens of thousands of Kurds—their number is estimated here at about 100,000—have flocked to the rugged mountains of Iraqi Kurdistan that are held by the general's 40,000-man army.

Neurophysiologists used to explain brain activity solely in terms of neuron excitation. Dr. Robert's theory relies heavily on the notion that inhibition, the opposite of excitation, is just as important and that normal brain activity relies on a coordinated interplay of excitation and inhibition.

Dr. Robert's chief of the division of Neuroscience at the City of Hope, a research center here, discovered in 1950 a brain substance called gamma amino butyric acid, or GABA. Much recent scientific experimentation indicates that GABA is one of the major neuro-transmitters responsible for inhibition of neuron activity in the brain.

In Dr. Robert's view, the function of command GABA neurons is to hold in check the program circuit until they are released by the proper stimuli, thereby allowing the circuit to fire.

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Love at First Sight Depends On Neurons, Scientist Says

By Harry Nelson

LOS ANGELES, April 1.—In the classic love story, two strangers gaze across a crowded room and instantly know they are made for each other.

But how can two persons who have never met fall in love at first glance? A Los Angeles neuro-chemist, Dr. Eugene Roberts, has offered a possible explanation which is part of his theory on "command neurons" in the brain.

A neuron is another name for a nerve cell and millions of neurons, linked together into circuits, are what make things happen in the body. The command neuron's job, as Dr. Roberts sees it, is to control the release of a specific function which has been programmed into the circuit it commands.

According to this view, circuits exist in the brain for anger, love, hate, fear, anxiety and other emotions, as well as other forms of behavior. Each behavior is controlled by a composite of interacting circuits.

These circuits are programmed to fire when triggered by appropriate stimuli. The nature of the programming is determined either by heredity or early experience or both.

Sensory Information

While details can only be surmised, examples of things that program circuits (other than heredity) may be the sights, sounds, smells and other sensory information associated early in life with various experiences.

Dr. Robert's explanation for strangers falling in love is that appropriate circuits for love—programmed perhaps many years earlier by certain experiences—were released in each of the lovers by signals picked up by the senses.

The resulting chemical and electrical activity of neurons was read by the brain as love. The crucial structure in this chain of activities is the command neuron. As Dr. Roberts sees it, nothing happens until the command neuron lets it happen.

Neurophysiologists used to explain brain activity solely in terms of neuron excitation. Dr. Robert's theory relies heavily on the notion that inhibition, the opposite of excitation, is just as important and that normal brain activity relies on a coordinated interplay of excitation and inhibition.

It said that the Iraqi brigade was routed when it entered a deep mountain gorge known as Alibey Pass about 10 miles southwest of Ruwanidz.

It reported that, according to information reaching the Turkish frontier, the Iraqi troops had set out from Erbil to relieve garrisons near Ruwanidz and Zebar. It said that these garrisons were encircled by Kurds.

Haber also reported that light fighting appeared to be continuing around Kirkuk and the strategic Alibey Pass, which, it said, the Kurds had controlled since March 11.

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ON TRIAL FOR PERJURY—Dwight Chapin, the former appointments secretary for President Nixon, arriving at U.S. District Court in Washington with his wife yesterday.

Jobert in Sharp Reply

U.K.'s Renegotiation Bid Is Met by EEC's Hostility

By David Haworth

LUXEMBOURG, April 1 (UPI).—The Common Market received with hostility today Britain's request to re-examine the terms of membership.

Although the content of Foreign Secretary James Callaghan's demands were already known to the foreign ministers meeting here, the tone of his words and the assumptions on which they were based were interpreted as revealing a deep anti-Common Market bias in the three-week old Labor administration.

Mr. Callaghan asked for major changes in the European Economic Community's common farm policy and a reduced contribution by Britain to the community budget, and he rejected out of hand the EEC ambition to achieve its own economic and monetary union by 1980. He said he hoped to begin discussions with the community would not lead to Britain's having to negotiate its way out of the EEC.

"We shall negotiate in good faith and if we are successful in achieving the right terms we shall put them to our people for approval," Mr. Callaghan said.

"But if we fail, we shall submit to the British people the reason why we find the terms unacceptable and consult them on the advisability of negotiating the withdrawal of the United Kingdom from the community."

Reply by Jobert

The speech drew its sharpest response from French Foreign Minister Michel Jobert, who in an at times scathing reply told the British minister it was not a matter of adapting the EEC to the customs of member countries, but to adapt these to the community.

Mr. Jobert, the first minister to comment, told the council:

"We do not see the necessity of paying a supplementary price to maintain British membership in the community."

He said that any British demand to revise the treaty of accession through which it became a market member 15 months ago would be "unacceptable."

The Israeli command said that the Syrians shelled two civilian settlements in the southern section of the Golan area captured in the 1967 war. It was the first time in more than a month that a settlement was hit, the command said.

No casualties were reported, but the state radio said that water and electricity supplies to two collective farms were disrupted.

The military command said that the Syrians' artillery fell short after Israeli guns answered their fire.

chairman, was equally firm. He said he could not accept that Britain was a special case needing solutions to economic problems which could not be arrived at through normal EEC procedures. Britain's economic difficulties were allowed for in the treaty of accession, he said, and he challenged Mr. Callaghan to say with far more precision what he meant by "renegotiation."

Gaston Thorn, foreign minister of Luxembourg, said:

"I will not hide what appears

to me to be disappointing in Mr. Callaghan's speech: the clarity and explicitness with which the British government approach has been defined, contrasting with the absence of a vision of the future of the community."

"It is on this latter point in particular that we are awaiting the contribution of Britain toward European unification—a contribution we have always considered necessary."

The British minister surprised his colleagues by the emphasis he put on improving the Atlantic relationship.

"My country wishes to remain a member of an effective Atlantic alliance," he said. "And is therefore concerned about the degree of disagreement between the community and the United States. Surely this is not inevitable. If the British people thought it was, it would adversely influence their attitude toward the development of the community."

Crunch to Come

Mr. Callaghan expressed his belief that only if the Nine work harmoniously on both economic and political issues "shall we surmount the difficulties to which President Nixon and Dr. Kissinger have recently drawn attention."

It was clear from both Mr. Callaghan's and Mr. Jobert's remarks that the real crunch on renegotiation will come at a later meeting when the community tries to decide what is or what is not negotiable under the community's treaties.

Mr. Callaghan said he must reserve the right to propose changes in the treaties "if we find that in practice the existing rules, as they are interpreted, interfere with the power over the British economy which we need to pursue effective fiscal, regional and industrial policies."

To this Mr. Jobert hinted that France might have to use the veto if the foundations on which the community is based were threatened in this way. He reminded Mr. Callaghan that any changes in the treaties would have to resolve the agent of every other member nation's parliament.

But the British minister baldly stated that "if renegociations do not succeed, we shall not regard the treaty obligations as binding upon us." This was coupled with the warning that Britain "will stop further progress."

(Continued on Page 2, Col. 3)

United Press International
EC FOREIGN MINISTERS—Britain's James Callaghan (left) and France's Michel Jobert in Luxembourg yesterday.

Over 'Letter to the Soviet Leaders'

Solzhenitsyn Accuses U.S. Press of Distortion

ZURICH, April 1 (AP).—Alexander Solzhenitsyn says that American newspaper commentators mistakenly interpreted his "Letter to the Soviet Leaders" as a call for nationalism.

In his 15,000-word essay sent to the Kremlin last fall, Mr. Solzhenitsyn exhorted the leaders to give up the Soviet world role, disband the Soviet Union and concentrate instead on internal development.

The exiled writer, in an interview yesterday, said mutual understanding between the Soviet and American peoples is particularly essential and is very difficult to establish from afar, using the superficial and often insufficiently thought-out judgments of the daily press."

Here is a recent example," he continued.

"My 'Letter to the Soviet Lead-

ers' was, even before its publication in the United States, subjected in the press, beginning with The New York Times, to primitive and even mistaken interpretations in contradiction to its real meaning. My program set down in this letter is a deduction from that general belief that nations and people can attain their supreme spiritual fulfillment only at the price of voluntary self-limitation in the outside world, concentrating exclusively on their internal development.

Call to End Rivalry

"For this reason, I suggested that my country should unilaterally renounce all conquests abroad and violence against all nations near and far, renounce all world pretensions and all kinds of internal rivalry, in particular... the arms race.

Types Answer

Mr. Solzhenitsyn took the question, went upstairs and typed his answer. Meanwhile, his wife served tea. She would not speak for the record, adhering to her husband's wish that their private life remain private. But as she talked, she sometimes lowered her voice to a whisper and once pointed to the ceiling in a familiar gesture from their Moscow life as if to warn of police microphones.

Then she shook her head and smiled, confident that their new home had no electronic listening devices secreted in the walls.

Mr. Solzhenitsyn said that his refusal of invitations to visit the United States from AFL-CIO President George Meany and Sen. Jesse Helms, R-N.C., "was not a final refusal on principle, but only one resulting from the physical limitations of my life here."

Charged With Perjury

Jury Picked in Chapin Trial, Nixon's Ex-Appointment Aide

By Robert Siner

WASHINGTON, April 1 (UPI).—A jury was quickly selected today for the trial of President Nixon's former appointments secretary, Dwight Chapin, on charges of lying to a federal grand jury investigating aspects of the Watergate affair.

The selection of seven men and five women, along with four alternates, took fewer than four hours.

District Judge Gerhard Gesell said that he did not expect the trial to last more than a week or 10 days.

Mr. Chapin was indicted Nov. 29 on four counts of perjury relating to Watergate-related offenses.

He was charged with lying when he said:

• That he did not discuss the distribution of campaign literature with political saboteur Donald Segretti.

• That he advised Segretti that he should talk to the FBI.

• That he had no memory of instructing Segretti with respect to any particular Democratic candidate.

• That he had no discussions about what Segretti was to be paid or what he was actually paid for his activities.

Segretti pleaded guilty Oct. 1

to conspiracy and three counts of distributing illegal campaign literature in an attempt to disrupt the 1972 Florida Democratic presidential primary. He was released from prison last week after serving 4 1/2 months of a six-month term.

Before his sentencing on Nov. 5, Mr. Segretti had cooperated with federal prosecutors and, presumably, his testimony led to the charges against Mr. Chapin.

The former appointments secretary, the first member of the inner circle of President Nixon's White House staff to go on trial for Watergate-related offenses, pleaded not guilty to the charges on Dec. 7. Each of the four counts against him carries a maximum penalty of five years in prison and \$10,000 fine.

Judge Gesell said that he would begin hearing testimony tomorrow morning. Mr. Chapin's attorney, Jacob Stein, said that he planned to call four witnesses. Assistant special Watergate prosecutor Richard Davis said that the government also plans to call four witnesses including former White House counsel John Dean 3d, Mr. Nixon's personal lawyer Herbert Kalmbach and Segretti.

He bad tendered the resignation Feb. 28, the same day he stepped down as Treasury minister because of economic differences with the Socialists. This caused the fall of Premier Muammar Rumor's coalition government, which has since been replaced by another coalition under Mr. Rumor. The Republicans are supporting the coalition but not participating in it.

United Press International
ON TRIAL FOR PERJURY—Dwight Chapin, the former appointments secretary for President Nixon, arriving at U.S. District Court in Washington with his wife yesterday.

Optimistic on Peace**Israeli Links Golan to Egypt Talks**

By Henry Kamm

TEL AVIV (NYT).—Israel's principal objective in pursuing a disengagement of troops on the Syrian front is to make it possible to carry forward peace negotiations with Egypt, the government's chief spokesman says.

"While we are hopeful with Egypt that the first stage will lead to a second, we think the Syrians are not thinking of any second phase," said Mr. Peres, who is a member of the inner circle of Premier Golda Meir's government and a political associate of Defense Minister Moshe Dayan. "We think that disengagement with Syria would not only be the first child between Israel and Syria, but for the time being, the only child."

Mr. Peres rated the chances for disengagement on the Syrian front at "50-50." He based this on the assumption that Syria would not have given a list of Israeli prisoners of war to Mr. Kissinger or allowed the International Red Cross to visit them if it did not have an objective.

"They don't forget our guns could shell the suburbs of Damascus," Mr. Peres said, explaining an assumed willingness by the Syrians to negotiate a disengagement agreement that would place their capital out of artillery range.

Prospects Hopeful

"But the charm in the matter is Egypt, not Syria," Mr. Peres continued. "The Israeli government finds signs from Cairo "very encouraging," he said and added. "We think the present air is good if still very thin air."

The Israeli official gave full credit for the improvement of Egyptian-Israeli peace prospects to Mr. Kissinger. He conceded that this constituted a considerable change of heart from the original Israeli suspicion that greeted Mr. Kissinger's assumption of the role of principal mediator in the Middle East.

"The Egyptians have acquired an American accent, which is refreshing," Mr. Peres said. "Let's face it—he did a good job."

Mr. Peres said that Israel's view of the Egyptian attitude was now more positive than before the war began in October. Until the war, he said, Cairo had based its policy on the hope of redressing the balance by military means.

End of Read

"Our experience in the October war was that foreign legions were not an effective fighting force. When a fighting force is not a homogeneous national group, things tend to go wrong and there is a tremendous amount of retribution afterwards."

Gen. Herzog called the alleged Cuban presence "a Soviet move to bypass American objections to Russian forces in the area."

Dayan Assured of Aid

WASHINGTON, April 1 (UPI).—Gen. Dayan said today that the Defense Department has assured him of continued American military and technical aid.

"I've been reassured that military and technical aid will go on," Gen. Dayan told reporters. "I am, of course, never satisfied with the amount, but it is as much as one can expect from a friendly country."

The Israeli defense minister declined to give details of his separate meetings earlier today with Defense Secretary James Schlesinger and with the Senate Armed Services Committee.

U.S. Presses Hunt For Missing Aide

LUSAKA, Zambia, April 1 (Reuters).—Two Britons, a West German and an Austrian are being held under Zambian security laws, consular officials said today.

The Britons were identified as Andrew Peirle, 32, of Cheadle Heath, Scotland, and Thomas Cain, 26, of Northwich, Cheshire. The West German was named as Klaus Schwabe, 29, who is believed to live near Dusseldorf, and the Austrian was identified as Kurt Jessensek, 42, of Vienna.

All work for companies operating in Zambia.

The British spokesman said Mr. Peirle had been visited by consular officials.

"We understand photography is involved," the spokesman said.

A South African and man alleged to be British were ordered held for trial last month on charges of taking photographs and spring on Zambia's rail copper industry.

3 of 4 Members of Old Unit Retained**New State Council Is Appointed in Cambodia**

From Wire Directors

PHNOM PENH, April 1.—President Lon Nol today set up a four-member Executive Council for Cambodia only 24 hours after dissolving an apparently similar body.

The composition of the new council is with one exception the same as that of the disbanded Supreme State Council, and it was not immediately clear whether its function will be different.

The President retained three members of the Supreme State Council—which made final decisions on affairs of state—and dropped Cheng Heng, the only independent. He was replaced by Maj. Gen. Sosthene Fernandez, head of the armed forces' chiefs of staff.

President Lon Nol was obliged to set up the Supreme State Council last year in the temporary absence of a parliament as the price of attracting his non-Communist opponents into a coalition government.

The arrangement was actively encouraged by the United States,

which supplies all the Phnom Penh government's military equipment for the war against the Communist-led insurgent army.

Three cabinet ministers promptly resigned yesterday when the President said he would dissolve the Supreme State Council now that a two-chamber legislature is functioning.

The Supreme State Council had the power of making final decisions on all affairs of state, including the right to veto the President's own decrees.

Besides Gen. Fernandez, the other three members of the new Executive Council are President Lon Nol himself, Sirk Matsis, pro-American rival, and Premier Long Boret.

Intensified fighting meanwhile, centered on Kampot, Cambodia's second-largest coastal port, while the Cambodian high command reported continue operations in a drive to retake Oudong.

President Lon Nol ordered the Cambodian military command to retake Oudong, the former royal capital, "at all costs."



THREE LITTLE COMPANIES—Chinese fishermen with three baby seals they unexpectedly caught in the Bay of Po Hai in northeastern China. They put the pups back whence they came.

Police Move On Students in Addis Ababa**Radical Conspiracy Smashed, Army Says**

ADDIS ABABA, Ethiopia, April 1 (UPI).—Students and police clashed today in the streets of the capital as unrest continued in Ethiopia.

Defense Minister Lt. Gen. Abiy Abebe said that a plot by radical groups in the armed forces to overthrow the government had been smashed.

Negotiations, meanwhile, for the release of five North Americans captured last week by Ethiopian guerrillas became snagged today, officials said. The guerrillas said yesterday, in a handwritten note, that they were willing to set the group free shortly and chief negotiator Ed Butschell said he hoped that they would be released tomorrow.

A constitutional conference ordered by Emperor Haile Selassie to rewrite the country's basic laws and transfer some of his absolute power to parliament met for the second time to elect new members. The conference held its first meeting last week. It must report its recommendations to the emperor within six months.

Commission Meets

A special commission formed by the government to probe alleged corruption among former cabinet ministers also held its first meeting today to set ground rules for its inquiry. The armed forces had demanded the establishment of such a body at the height of a crisis which has rocked Ethiopia for more than a month.

The army, at one point, threatened to seize power if the commission did not perform as the army wanted and bring former ministers to trial.

Policemen broke up a demonstration by about 300 students outside the office of Premier Endalkachew Makonnen. The students waved banners, carried imitation gallows and effigies and demanded the premier's resignation.

Police later broke up another group of students who refused to attend classes and hurled stones at school buildings. Several persons were injured in the clashes. Witnesses said.

University students later called for a total boycott of all classes and lectures until further notice.

Prices Rise in France For Gas, Train Rides

PARIS, April 1 (Reuters).—The price of gas, train fares and private hospital treatment rose in France today.

Gas prices rose an average of 14.5 percent for domestic users and 40 percent for industrial clients. Train fares rose 7.5 percent except in the Paris suburbs, while private hospitals put up their fees by 12 percent.

A Woman's Regrets

A woman recalled that after the assassination her mother was busy just keeping out of the way while Austrian troops smashed up much of Sarajevo. "The Austrians drafted my uncle and he was killed fighting the Russians," she said, in explaining her family's regrets about the assassination.

Dr. Marko Sunjic, vice-president of the executive council of Bosnia and Herzegovina and a principal Communist leader here, said in an interview:

"Sometimes we regret that people know us for the assassination. But as an Austrian colony, Bosnia had very high literacy rate, and its natural resources were exploited in a colonial way. In such a situation no other remedy could be found, and young people undertook the assassination."

Apart from the move, the plans for celebrating the assassination's 65th anniversary include memorializing the prison where Princeps died of tuberculosis in 1918, in what is now Czechoslovakia.

The changing character of Sarajevo makes it a difficult place in which to produce a movie with a historical setting. The town of a quarter of a million is festooned with the red banners of the Bosnian-Herzegovina Communist party congress. High-rise apartment buildings are sprouting to alleviate a serious housing shortage. American-built street

arrest terrorists, from whichever section of the community they come, and to remove them from the society which they are polluting.

As he spoke, soldiers were again coming under fire in the province after a weekend in which six persons were killed and about 30 injured by bombs and bullets.

The statement followed talks today between Prime Minister Harold Wilson and Northern Ireland's chief executive, Brian Faulkner.

Mr. Rees said it had been suggested to him that the latest violence could be a spring offensive by the outlawed Irish Republican Army to bomb themselves to the conference table.

He indicated that such a strategy would not work.

In the Northern Ireland city of Londonderry today, troops came under fire during an attack on their base in the heart of a former IRA enclave.

It was the biggest single security operation in nearly two years and followed eight murders in 11 months in a 100-yard stretch of the street.

Observers said a split in the party was possible within a few months, which would leave Mrs. Meir's Labor-dominated government seriously weakened. The National Religious party's participation in the coalition gave the government 68 seats in the 120-member parliament. Without Mr. Hazan's party, Mrs. Meir would control only 58 seats.

The issue is basically over the definition of a valid conversion to Judaism and affects the status of new immigrants. The National Religious party demands that only conversions by Orthodox rabbis carried out under the rules of ancient Jewish law be considered valid. At present, conversions by rabbis adhering to less strict groups than the Orthodox also are acceptable.

In Saigon, a group of Buddhist nuns led by self-styled "Third Force" leader Mrs. Ngo Ba Thanh today demanded that the South Vietnamese government and the Viet Cong release political prisoners who belong to her organization.

About 30 nuns dressed in satins robes held a sit-in in front of the House of Representatives and handed a letter to the House speaker which said: "Persons who refuse to belong to either side must be set free, because they are the Third Force."

56 Unhurt on Airliner

HONG KONG, April 1 (Reuters).—All 56 persons aboard an Air India Boeing 707 escaped unhurt when it skidded off the runway after landing at Kai Tak International Airport here today in heavy rain. The airliner was arriving from Tokyo.



ARTIC OIL—Employees of Imperial Oil Ltd., a subsidiary of Exxon Corp. of America, working in 36-degrees-below-zero weather to construct an artificial island in the Arctic Ocean off Canadian Northwest Territories. They cut out big blocks of ice, then pour in gravel to build island which will be used as a base for a drilling rig to seek oil and gas deposits.

The drilling will begin sometime this summer.

U.S. Specialists Urge Curbs On Mind-Altering Surgery

By Harold M. Schmeck Jr.

WASHINGTON, April 1 (NYT).—The National Institute of Mental Health has called for strict criteria for psychosurgery—the destruction of human brain tissue—primarily to alter behavior, thought and mood that would probably rule out most of these operations for at least the next several years.

A report from the institute, now under consideration by the Department of Health, Education and Welfare, recommends that psychosurgery be regarded as experimental and, therefore, to be done under only the most rigorously defined and controlled circumstances.

The report, signed by the institute's director, Dr. Bertram Brown, also recommends that no psychosurgery be performed on persons who are involuntarily confined or are incapable of giving informed consent because of either age or mental condition.

The institute's staff prepared the report after consultation with outside specialists and laymen.

Psychosurgery has become the subject of intense public controversy in recent years.

For and Against

Opponents argue that psychosurgery is an extreme and destructive attempt at controlling human behavior, involving at least partial death of the personality.

Proponents argue that it offers the only hope for ameliorating some extreme disturbances in behavior, such as cases of uncontrollable violence.

The statement followed talks today between Prime Minister Harold Wilson and Northern Ireland's chief executive, Brian Faulkner.

Mr. Rees said it had been suggested to him that the latest violence could be a spring offensive by the outlawed Irish Republican Army to bomb themselves to the conference table.

He indicated that such a strategy would not work.

Experimental Therapies

"Psychosurgery should be regarded as an experimental therapy at the present time," the report said. "At some time, it should not be considered to be a form of therapy which can be generally available to the public because of the peculiar nature of the procedure and of the problems with which it deals."

There are no reliable statistics on the number of such operations done in the United States. The yearly total is thought to be somewhere between 100 and 1,000.

Experts say few, if any, of these operations would meet the strict criteria proposed in the institute's report.

Economic and Monetary Union

Britain's envisaged contribution of 19 percent of the budget by 1976 was "unacceptable" since its portion of the EEC's gross national product would be only 1.63 percent.

"Britain cannot accept a permanent drain across the exchequer of several hundred million pounds sterling a year."

Parliament

The House of Commons must retain its power "over the British economy, needed to pursue effective regional industrial and fiscal policies."

Economic and Monetary Union

Britain would "reject any kind of international agreement which compels it to accept increased unemployment for the sake of maintaining a fixed parity as is required by current proposals for a European economic and monetary union."

Mr. Callaghan was sharply reminded by several colleagues that the Council of Ministers was not a forum for political parties, but a place where governments met and negotiated.

"Other countries have parties, too," he was told during the course of several impassioned speeches about the community's ideals and aspirations.

There was no disguising the disappointment ministers privately expressed during breaks in the meeting. They had been prepared for strong words from London, but this did not soften the impact.

Mr. Callaghan said afterward that he has received "a muted enthusiasm" from the meeting, but he had been impressed by the fact that no country had so far given a decisive "no" to his request for renegotiation. "I shall consider what has been said and will discuss it later with good will," he said.

Mercury Moon Turns Out to Be Star Radiation, Scientists Find

PASADENA, Calif., April 1 (AP).—A mysterious object which scientists thought might be a small moon near Mercury has been found to be radiation from a distant star, Mariner-10 officials said today.

Lytle Broadfoot of the Kitt Peak National Observatory said that his team of scientists had mistakenly thought the object was moving. The illusion was caused by the movement of the spacecraft. Mr. Broadfoot said.

The possibility of finding a moon orbiting Mercury prompted Mariner scientists to undertake an intense photographic search despite overheating problems aboard the 1,100-pound space probe.

Mercury, which has no known satellites, is the sun's nearest neighbor and the smallest planet in the solar system. No sign of the object was found, however, in the pictures transmitted to earth.

Mr. Broadfoot's team first noticed the phantom object when an ultraviolet spectrometer aboard Mariner detected a source of reflected light while it was searching for an atmosphere on Mercury.

At the time, the scientists said they had not tracked the object long enough to determine its nature and said only that it "might be" a moon.

Spokesmen at the Jet Propulsion Laboratory said that despite the serious overheating problem caused by a short circuit, Mariner was continuing with its planned series of photos of Mercury as it sped away from the planet.

Hearst Kidnapping Is Described as Part of an SLA Effort to Rally Radicals

By Narda Trout

SAN FRANCISCO, April 1.—They had dreamed of a national revolution, with radical groups across the country arming themselves and committing acts of violence against the rich ruling class in the name of the oppressed people.

But the revolutionaries would need an impetus, and so the

group calling itself the Symbionese Liberation Army assassinated Oakland Schools Superintendent Marcus Foster, wounded his deputy, Robert Blackburn, and kidnapped newspaper heiress Patricia Hearst in an effort to rally other radicals, according to sources close to the SLA.

The Los Angeles Times has learned that the SLA is composed of about a dozen hard-core mem-

bers, a curious mixture of personalities who came together in the spring of 1972 at the California Medical Facility at Vacaville, under the auspices of a group called the Black Cultural Association.

A man who has been under police surveillance for his close ties with the SLA said that the army wanted to inspire revolutionaries, "but it didn't turn out

that way. They probably shouldn't have killed Marcus Foster [a black man] because that turned a lot of radicals off."

"It probably would have turned out better if they had killed Blackburn, a white man, instead," he added.

Revolutionary Acts

He cited two revolutionary acts that have occurred since the

Hearst kidnapping Feb. 4: the bombing of Shell Oil facilities by a group calling itself Americans for Justice and a pipe-bomb blast at Health, Education and Welfare Department offices in San Francisco by the women's unit of the Weather Underground.

"That's the kind of thing they SLA members wanted to happen all over, but it just didn't," the man said.

Joseph Remiro, 27, and Russell Little, 24, were arrested Jan. 16 in the Foster shooting and police are seeking other suspected SLA members for various offenses: Donald Davis DeFreeze, 30, and Thero Wheeler, 28, as escaped convicts; and Nancy Ling Perry, 26, for arson in a fire Jan. 10 at what is believed to have been an SLA headquarters.

DeFreeze is believed to be the man identified as Field Marshal Clinque in the taped communiques to the Hearst family, although the FBI will not confirm that DeFreeze and Wheeler are being sought in the kidnapping.

Several other San Francisco Bay-area radicals are suspected by police to be SLA members or have SLA ties, but no arrests are expected because, as a detective said, "I'm not sure it's a crime to be an SLA member, and the SLA has said Patty Hearst might be hurt if any of our members are arrested." The FBI just isn't going to arrest anybody," he said.

Someone to Buy Food

Law enforcement officials estimate that there are about a dozen more SLA sympathizers who are "above ground" and a source close to the army conceded: "You have to assume they [the Hearst kidnappers] need someone to buy them food and stuff."

The Black Cultural Association is the organization that brought together these individuals of varied backgrounds; it appears to be the common denominator. The BCA was formed by inmates at Vacaville in 1968 and was formally recognized by prison officials in 1969, when "tutors" from the community were allowed to come into the institution's educational program.

Capt. Stanley Peaster, an officer at Vacaville, said that the organization reached its peak in late 1972 and early last year with 100 to 150 inmates.

However, Colston Westbrook, civilian coordinator of the BCA, said at its peak, "We had about 40 active participants including inmates and outside people."

Mr. Westbrook, a heart-set black man, was an instructor and graduate student at Berkeley when he became coordinator of the BCA in early 1972. While there, he became friends with DeFreeze, who used the name Clinque 3-tums.

Mr. Westbrook, 36, recalled,

of young white Murray-Maousis came into the program and began to politicize the inmates."

Mr. Westbrook said that the group had some influence over the inmates because "the inmates are concerned with getting to damn near anything, and this group was consistent. They took over two political science courses and always brought in this Maoist stuff like they would want to talk about the black man in Red China. And they didn't even know about the problems of the black man here."

As coordinator, Mr. Westbrook said he appealed to inmates of the BCA to get the Abolish contingent expelled, "but they overrode me."

Mr. Westbrook said he was a friend of DeFreeze.

"I was a good listener and he liked to talk." He said

DeFreeze is a black nationalist and he would always embrace me when I walked in; I never saw him embrace a white person."

Is DeFreeze anti-white? "Well, let's say he'd eat 'em for breakfast," Mr. Westbrook said. "He dislikes bourgeois blacks, too, but those who could come down to his level were OK. I don't know many people up there as sharp as DeFreeze; he has a lot of savvy."

Vacaville officials suspended the BCA a week after Little and Remiro were arrested.

As an observer put it, the SLA is composed of people who were tired of talking about action and they wanted to do something. They are serious radicals, he said, and the slaying of Foster was intended to show others that they meant what they said and should be taken seriously.

A Berkeley activist, a friend

of the majority of suspected SLA members, expressed surprise that the SLA "sprang up."

"I didn't think we had it in us, and by that I don't mean to say that I necessarily approve of the SLA. But I mean that I always thought the American left was just not capable of pulling off such well-planned, well-executed urban guerrilla actions."

Giveaway Criticized

BERKELEY, Calif., April 1 (AP)—Internal thefts and poor administration riddled the food giveaway aimed at ending Miss Hearst's two-month captivity, says the community coalition named by the kidnappers to monitor the handouts.

The secretary of state of Washington State, Ludlow Kramer, who organized the People in Need program, denied the charges.

By Los Angeles Times

Nixon Papers In Archives Were Sifted

'Sensitive' Documents Removed From Gift

By Eileen Shanahan

WASHINGTON, April 1 (NYT).—The pre-presidential papers for which President Nixon claimed a \$76,000 tax deduction were sorted to eliminate "sensitive" documents, even though Mr. Nixon turned the papers over to the National Archives with the specification that no unauthorized person could see them until after he left the White House.

According to testimony given to the congressional Joint Committee on Internal Revenue Taxation, the items that were removed from the 1,716 boxes of donated papers included "sensitive files respecting J. Edgar Hoover, Jacqueline Kennedy and the Vietnam war."

An inventory of the pre-presidential papers has been turned over to the Joint Committee and a copy has been obtained by The New York Times.

The inventory, which covers both the papers given to the archives and those retained by Mr. Nixon, shows that the donated items include thousands of newspaper clippings and some uncatalogued newspapers; 229 boxes of invitations to Mr. Nixon to attend social events or to give speeches, along with carbons of his replies, mostly "turnarounds"; and thousands of items of correspondence, some with public figures but also such items as letters from children.

Briefing for Trips

A few items of clear historical interest were included, such as the briefing materials that were prepared for Mr. Nixon before his trips as vice-president to the Far East, Central America, South America, Austria, Britain and the Soviet Union.

The Associated Press, reporting on Friday, that the staff of the Joint Committee, which has been examining every aspect of Mr. Nixon's tax returns for 1969 through 1972, had found that the donated papers were overvalued at \$76,000. The appraisal had been made by Ralph Newman of Chicago, a professional appraiser who has also valued the papers of many other public figures.

Another document in the possession of the Joint Committee and of The Times shows, however, that Mr. Newman valued all of Mr. Nixon's pre-presidential papers—going back to his first campaign for Congress in 1946—at \$201,000.

The portion listed in the overall inventory as included in the gifts to the archives in 1969 does not appear, on its face, to constitute more than a quarter of the total—the amount that the valuation would suggest—in terms of either numbers or of interest.

Items of interest not included in the gift, or in an earlier one made in 1968, included "Correspondence With President Eisenhower and His Family" during the years that Mr. Nixon was Vice-President, and a five-inch-thick file of "Correspondence With and Concerning Murray Chotiner," the controversial political adviser of Mr. Nixon's early years in politics, who died recently.

The staff of the Joint Committee has reportedly concluded that the entire \$76,000 deduction, which will have saved Mr. Nixon nearly \$300,000 in taxes, should be disallowed because the gift was not actually made before a April 15, 1969, statutory cutoff date for taking deductions for such gifts.

The Joint Committee's staff is scheduled to present its findings to the committee Wednesday.

OPEC Aides End Talk on Aid Fund

VIENNA, April 1 (UPI).—A committee of the Organization of Petroleum Exporting Countries has concluded three days of discussions on a special fund to aid developing nations hit by higher oil prices, an OPEC spokesman said today.

"Experts from the organization's 12 member nations have drawn up guidelines for the operation of the special fund," the spokesman said. "Their recommendations will be submitted to the OPEC oil ministers meeting of April 10 in New York," he added.

Aid for Pakistan

PAKISTAN, April 1 (UPI).—Iran is willing to help Pakistan overcome economic problems arising from the increase in oil prices by providing loans on "special friendly terms," according to a joint communiqué issued in both capitals yesterday at the conclusion of Pakistani Prime Minister Zulfikar Ali Bhutto's visit to Iran.



WATCH YOUR STEP—Secret Service man helping U.S. Secretary of State Henry Kissinger from boat as wife Nancy looks on, after they had taken a boat ride in Acapulco where they are spending their honeymoon after their wedding Saturday.

Ad Man in the Courtroom

Research Analysis and the Mitchell Jury

By Marcia Chambers

NEW YORK, April 1 (NYT).—For the first six weeks of the conspiracy trial of former Attorney General John Mitchell and former Commerce Secretary Maurice Stans, a man has been sitting in the spectator section of the courtroom peering at 12 persons he has never met but whom he helped to select as jurors.

He occasionally takes notes—a gesture by one juror, a grimace by another, a smile, a yawn. During recesses and lunch breaks he goes over his observations with the man who hired him, Peter Fleming Jr., Mr. Mitchell's attorney.

The silent observer is Marty Herbst, who is neither a psychiatrist, nor a psychologist nor a social scientist. Formally, he describes himself as a research and media analyst. Informally, he says he is "an ad man."

His role is to interpret how the nine men and three women jurors react to witnesses and prosecution and defense attorneys.

"I watch to see if they're alert, restless, bored, responsive," he said. "Are they for me or against me? Sometimes my suggestions are used. I will tell Fleming they were paying attention when he said this, this and this, but not when he said that, that and that."

He said that sometimes people eager to serve on a jury would

disguise their attitudes.

Mr. Herbst's task is to devise a method for Mr. Fleming to analyze a juror's actual feelings.

That device, he said, is television, "what we tried to do was reveal what jurors think through their media habits," somewhat in the way that advertising agencies determine how to package a political candidate for a particular audience. It was, he said, a whole "new packaging process."

Mr. Herbst said the publicity surrounding the trial enabled the attorneys to explore the television viewing habits of prospective jurors. The jury questioning process was held in the judge's chambers and a transcript was ordered sealed.

An example of their thinking, Mr. Herbst said: "The ideal personality for our purposes is John Wayne. He's authoritative, strong, the preserver of property rights, a right-winger. A viewer would identify him with John Mitchell. In other words, John Mitchell's mask is translated to John Wayne."

Of the nine men and three women jurors empaneled, all are married except one man and the foreman of the jury, a woman who is engaged to be married.

The panel includes a Western Union messenger, a janitor, a subway conductor, an insurance company clerk, a retired life insurance employee, a postal worker and a telephone company employee.

A profile was then drawn up of people least likely to see Mr. Mitchell as guilty. "We set up

a weighted point system from 0 to 6, plus or minus either way, possibly arbitrary. A college graduate was minus 6, a Catholic was plus 4, a Jew was minus 5, a clerical worker earning between \$8,000 and \$10,000 yearly was plus 4," Mr. Herbst said.

He said that sometimes people eager to serve on a jury would

U.S. Court Upholds Reporting By Banks on Clients' Deals

WASHINGTON, April 1 (AP).

The Supreme Court today upheld a controversial federal law requiring reporting by banks on clients' financial transactions.

Critics call the law a major invasion of constitutional rights, but the government claims that it is necessary in order to fight increasingly sophisticated criminals.

The effect of the Bella-Terre ordinance was to permit unmarried couples to live together in the village, but to ban larger groups of unrelated tenants who might constitute a commune with different social standards. The local law also prohibits boarding houses, fraternity houses and apartment houses.

As a result of the ruling, similar residential communities elsewhere in the country presumably will be able to prohibit establishment of communes within their limits by enacting zoning restrictions like the one upheld by the court today.

Refused without comment to hear a plea by the state of California for greater latitude in the use of statements made to police by criminal suspects.

Kidnappers Free Argentine Officer

Buenos Aires, April 1 (UPI).

The People's Revolutionary Army has released a kidnapped army officer but still holds two others, military sources said today. The group also is still holding American businessman Victor Samelson, 57, who was seized Dec. 6 and for whom a record \$14.2-million ransom was paid.

Lt. Col. Jorge Rivero, 52, returned to his home yesterday. He had been seized Friday by the Marxist guerrilla group on leaving the offices of a military tribunal in downtown Buenos Aires.

Justice William O. Douglas, who wrote the majority opinion, said that anti-communist ordinances were a reasonable exercise

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Published with The New York Times and The Washington Post

Page 4—Tuesday, April 2, 1974 *

When Extremes Meet

A weekend of blood and flames in Ulster was no new experience for that unhappy land. But the fact that both extreme Irish nationalists and fanatical Unionists seem to have been involved did emphasize the rationality of the moderate approach that the governments of Northern Ireland, the Irish Republic and the United Kingdom have made toward solving the problem of Ulster—while at the same time the success of the arsonists and murderers seemed to show that rationality alone is not enough.

If inflation is the greatest current economic global problem, cutting across oceans as well as national boundaries, minorities—ethnic, linguistic or religious—constitute the greatest challenge to the world's political wisdom. What is happening in Northern Ireland can be found in the Philippines, where Moslem fighters Christian; in Iraq, where Kurds fight Iraqi; among the Basques of Spain, the Palestinians of the Middle East, the Eritreans in Ethiopia, and the clashing Enkwas and Lugubras in Uganda. In other forms, the dilemma of minority vs. majority appears among America's blacks, Indians and Chicanos, Canada's francophiles, Britain's Scottish Nationalists, the Turks of Cyprus, India's numerous language and ethnic groupings, Belgium's Walloons, the Jews in the Soviet Union.

All of these minorities have genuine grievances. The tyranny of the majority has been very real and often very brutal and exploitative. Then there is the subtler, but no less real, issue of how self-respect and a sense of identity can be strengthened by

association with a prideful group, by a return to ancient cultural and historic roots. Today's mood, its Weltanschauung, is favorable both to the recognition of minority rights and to an understanding of what those rights mean to the individuals concerned—although in practice this recognition and understanding in any given area may fall far short of the necessities of the case.

But the real difficulty comes in working out a viable relationship between the majority and the minority. Great Britain and Ireland have tried hard to accomplish this in Ulster, with the aid of moderates on both sides of the divided population of Northern Ireland. It is clear enough that to impose a united Ireland on the Protestants of Ulster would mean continued strife by what would then be a minority, just as it has long been evident that to sustain the former intolerant majority rule within Northern Ireland would keep the Catholics in arms. But this stark truth does not prevent the extremists of both groups from lighting for their own impractical "final solutions."

It does not, unfortunately, take many extremists to make a civil war—or at least to create such terror that normal life becomes impossible. The only answer, then, when genuine accommodation has been truly sought, lies in the even-handed administration of justice in the suppression of terror—something which can all too easily glide into counterterror. But when the alternative is chaos or the triumph of a bloody-minded minority, what else can a sane society do with its violent elements?

Moscow and the Mideast

The Mideast is rightly regarded as at once the most important and the most demanding political testing ground for Soviet-American detente, the place which the overlap of great-power rivalry and local tension has made the most dangerous in the world. But the Mideast is as well a region where both local sides, Arab and Israeli, look for a settlement primarily to the United States. American good faith is more or less generally accepted, despite American support of Israel. Soviet good faith is not widely accepted, perhaps in part because of subversive activities mounted by Moscow, especially in Egypt. The Kremlin's patronage is valued by its Arab friends far more in wartime than in peace. This has created seemingly paradoxical situation. To improve relations and lessen tensions with the United States, the Russians must facilitate, or at least not block, diplomatic progress in the Middle East. But the more the Mideast moves toward stability, the less influence in the region the Russians can expect to have. For them it is not an easy tradeoff.

* * *

Thus it is that Soviet policy in the Mideast remains essentially ambivalent, the more so after the Kissinger-Bresheff talks in Moscow last week. The communiqué registered the formal Soviet support for settlement. But the talks seem to have resulted in American agreement to consult the Kremlin more closely on the Mideast and, at some point, to move negotiations from direct American sponsorship under Henry Kissinger, to joint Soviet-American sponsorship in the context of the Geneva peace conference. The Russians have been expressing increasing displeasure at being shut out of Mr. Kissinger's shuttle diplomacy, and at being ignored by their erstwhile military dependents, the Egyptians. Presumably, the United States, in return for letting Moscow nudge its way back into the Mideast diplomatic act, got

THE WASHINGTON POST.

International Opinion

Ford's Speech on Nixon Aides

Not too long ago Spiro Agnew exposed for public derision the "effete snobs" of the press and other liberal institutions to the wild applause of his audiences. At Chicago, his successor, Vice-President Ford, pulled no punches for the "arrogant adolescents" of the Committee for the Re-Election of the President. But everyone understood: Mr. Nixon had the aides that he deserved. Mr. Ford's speech was to be expected. The offensive to chase Mr. Nixon from the White House would not come from the Democrats.

What would they have to gain by moving into the front lines? "That would be the stupidest move of the century," a Democrat confided recently. "Let's leave the Watergate affair to sour and the President to try to work things out with his Republican friends. At the right moment we will count the bodies and pick up the pieces." This is no true that the Democratic party, instead of a trial over the burglary of its electoral

headquarters, preferred to take substantial amounts of damages and interest.

—From *Le Monde (Paris)*.

Oil and Kurdish Issue

In March 1970 the Kurds put down their arms. They are taking them up again today because, in their opinion, Iraq is financing a pan-Arab policy with Kurdish oil and giving no thought to a fair sharing out of revenues which could one day make an independent Kurdistan a viable concept. Iran is providing most of the arms and money for Gen. Barzani's Kurds. It remains to be seen how far the shah is prepared to go to solidify his opposition to the Iraqi Baath regime. It also remains to be seen what the two major powers, the Soviet Union and the United States, will do. It was perhaps not accidental that Soviet Defense Minister Marshal Gromekh just passed through Baghdad, where Communists are associated with the government. The elements of a new Middle East conflict are present, but the Kurds seem more isolated than ever.

—From *Les Echos (Paris)*.

In the International Edition

Seventy-Five Years Ago

April 2, 1899

MOSCOW—His Majesty Nicholas II has just signed an order for the expenditure of over \$2 million rubles for developing the Trans-Siberian railway. After the extensive modifications and improvements will have been made, trains will then be able to travel at a speed which will place Vladivostok within 12 days of Moscow, and the Atlantic within a fortnight. Journey of the Pacific coast, truly a wonderful result.

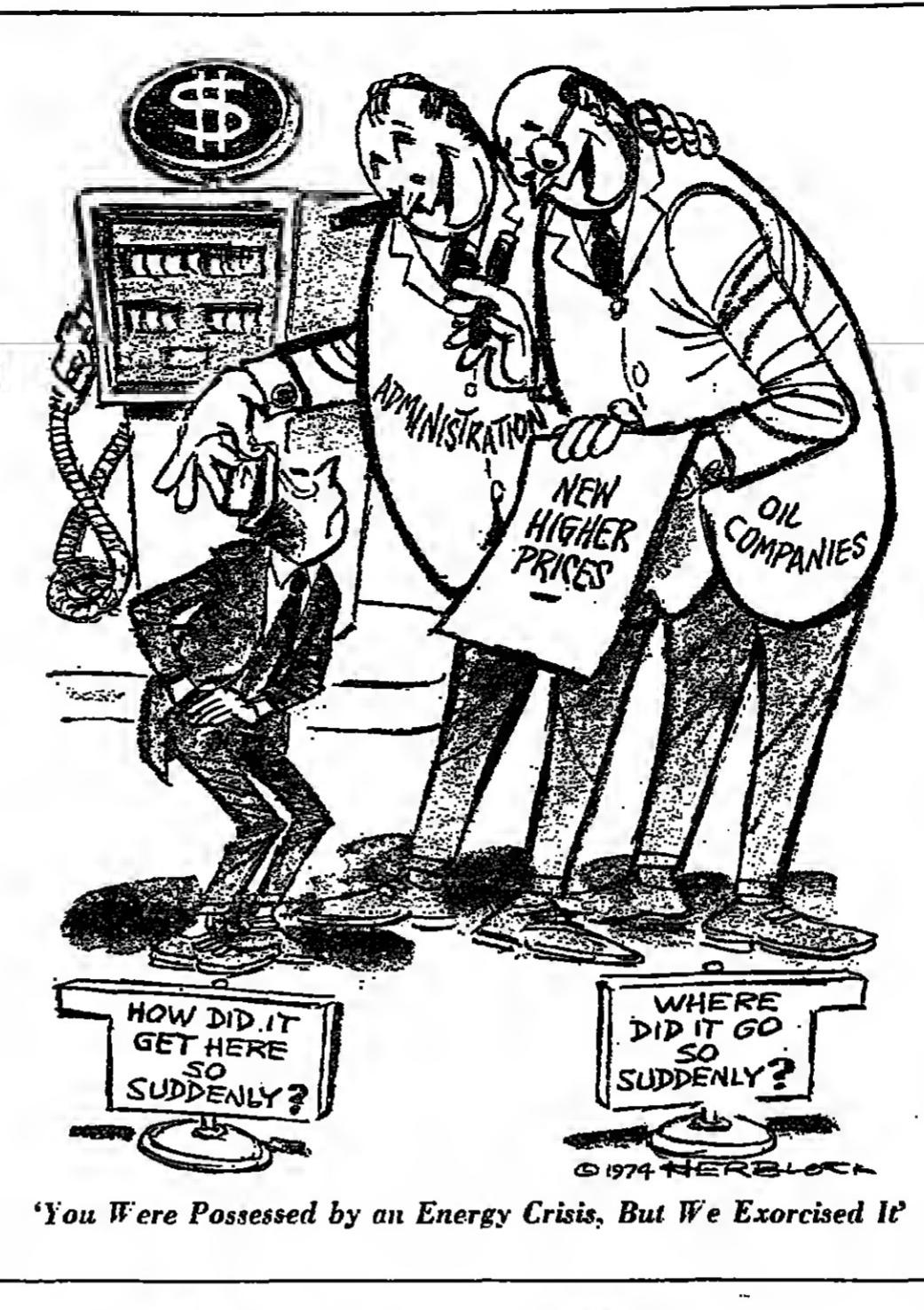
Fifty Years Ago

April 2, 1924

NEW YORK—Gene Tunney, America's cruiser-weight light-heavyweight champion, has no intention of allowing Frenchman Georges Carpentier to back out of his signed contract for a fight between the two in an Astoria ring sometime early in the summer. The Frenchman would obviously want a leading heavyweight so as to insure a bigger gate, but he must get past Tunney first. Tunney is holding him to the future

I want to express my unbounded admiration for the courage of that small country—Holland—which twice within my lifetime has stoutly and unflinchingly stood firm for what it believed to be right, while the larger and more powerful nations have quickly gone to the knees.

ROY A. WEAVER
Praia da Rocha, Portugal.



Bernard Levin

From London:

... A study of the small print in the budget makes it clear that this government plans to call another election before November.

LONDON—Read the small print: That has always been good advice to anyone contemplating signing anything, and it is very good advice indeed to anyone contemplating the budget—the first of the minority Labor government, though the chancellor of the Exchequer, Denis Healey, has promised another later this year—that was presented to the country last week.

Among the items in the very smallest print of all there was one which was thrown in so casually that suspicious fellows like me immediately got out our magnifying glasses to study it more carefully. Mr. Healey announced various big price rises in such things as electricity, but of the item that has got to rise furthest, he lightly said that it would not be going up in price until November. That item is of course coal, and a study of the small print in the budget makes it clear that this government is planning to call another election before November. The political strategy could not have been made more obvious—at any rate for those with powerful enough magnifying glasses—if Mr. Healey had stated it in so many words. It is to run for cover before the bills come in.

The government's decision to

pay the miners everything they had demanded (and another even bigger wage demand is in the pipeline right now) means that the coal industry—which means, of course, the nation—has to find another \$100 million a year to pay the extra wage bill.

That money can only be

found, of course, from higher coal prices.

So indeed it will be: Mr. Healey made that clear. But in

order to blur the connection in

the public's mind between the

government's abandonment of a

policy of wage restraint and the

inevitable price increase not only

in domestic coal but in all goods

and services produced by coal-

fired energy, the rise in the price

of coal is to be delayed until

November, by which time the gov-

ernment hopes to be back with a

sold majority in Parliament.

That is not all. The biggest in-

novation of this government was

their decision to subsidize some

food prices, including bread and

butter. The committee appears to

be an absolutely open-ended one,

and indeed for political reasons

it virtually has to be, because

if you hold back a rise in

the price of such things as bread

and then, after a year or two,

suddenly burst the dam, the

resultant flood will wash away

any government. So we are now

committed to spending first hun-

dreds of millions of pounds a

year, then more hundreds of mil-

lions, then thousands of millions;

on keeping down the price of

food (and the list certainly can-

not and will not be kept to bread,

butter and milk); and thus de-

ceiving people into thinking that the

cost of living has fallen or at any

rate steadied, as if such colossal

handouts did not have to be paid

for. Now, I see, there is talk about

some kind of subsidy for the

building societies, to enable them

to keep down the rate of interest

they have to charge on loans for

house purchase. No doubt anyone

buying a house will be delighted

to find that the interest payments

on the moeny they borrow are

lower than they feared; and al-

though many realize that the

money that did this trick has to

come out of the public's pockets,

many will be sufficiently confu-

sed, and sufficiently grateful,

not to make the connection.

Meanwhile, Britain's most crip-

pling economic problem of all—

worse even than its domestic in-

flation—and its balance-of-pay-

ments—which is the appallingly

low rate of industrial investment

—has not just been ignored in

the budget provisions; it has actu-

ally been made worse—the bud-

get literally makes it less

worldwide for industry to re-

equip and modernize itself.

A Magic Wand

The Labor party won the election (or rather, since nobody "won" it, the Tories lost) because people managed to persuade themselves that the Labor party could pay for its program either by waving a magic wand or by "soaking the rich." But there are no magic wands, and however thoroughly the rich are soaked, there still aren't enough of them to provide all the money needed.

Yet what are the Conservatives to do? Can they campaign for what amounts to higher coal prices, higher bread prices, lower pensions? (I forgot pensions.) The government is putting them up by an amount which means that another \$1 billion a year has to be found. Can they insist that young people trying to buy a house must pay the full economic price for the money they need?

They can, certainly. But the election in February showed pretty conclusively that people don't want to hear that everything bought has to be paid for. They want to hear that there is a Santa Claus. And that is what they are clearly going to hear from this government until the next election: after which the bills will come in. There isn't a Santa Claus, Virginia. But Christmas is still a long way off.

The Light of History

By Anthony Lewis

BOSTON.—Once before in U.S. history, in 1866-67, the House Judiciary Committee investigated a president with a view to possible impeachment. The study of Andrew Johnson's conduct lasted more than 10 months. Its scope was summarized in a recent memorandum by President Nixon on his Justice Department:

"The committee interviewed almost 100 witnesses, including cabinet officers and the President's personal secretaries. Documents were produced, either voluntarily or in response to committee requests, and conversations with the President were related. It does not appear that any claim of executive privilege was made."

History does not usually provide conclusive evidence on legal issues. The clues conflict, and skilled lawyers extract from the past the meanings most helpful to their clients. As the present impeachment process unfolds, it will be interesting to see what the outcome of the trial will be.

The Johnson inquiry is the one direct precedent, and it supports the widest congressional power to inquire. In addition to that actual pre-impeachment episode, at least seven presidents have made statements implying or plainly stating the broad view of what Congress may inspect when it formally undertakes the impeachment process.

George Washington, refusing in 1775 to give the House documents he thought lay within the Senate's treaty-making powers, said: "It does not occur to me that the inspection of the papers asked for can be relative to any purpose except the cognizance of the House except that of an impeachment, which the resolution has not expressed." It is only a negative, but the implication may be there that impeachment gives the House overriding powers of inquiry.

Ulisses Grant, spoke in 1865 after his appointment to the post of attorney general, that "so far as its control of the executive branch is concerned, it is the right of the Senate to require of the executive any information which it deems necessary for the proper discharge of its functions."

Theodore Roosevelt, in 1909 adamantly refused to give the Senate Judiciary Committee papers on why he had decided against bringing an anti-trust case. He told an assistant: "The only way the Senate or the committee can get those papers now is through my impeachment."

Those presidential comments over more than a century vary in persuasiveness. But so far, and apparently, none to the contrary has been produced. Pres-

ident Nixon and his aides, asserting the right to decide what evidence they will give to the House inquiry, have relied on their own self-serving claims, without support from legal authority or scholarship.

The history is not really sur-
prising. Impeachment was written into the Constitution as the final check on executive wrongdoing, and it would be an illusion if it could be thwarted by some presidential privilege. James Wilson of Pennsylvania, one of the great figures at the Constitutional Convention of 1787, said it was good that presidents had no privilege:

"The executive power is better to be trusted, when it has no screen. Sir, we have a responsibility in the person of our president; he cannot act improperly and hide either his negligence or inattention; he cannot roll upon any other person the weight of his criminality."

Answering Questions, Asking Advice

Kelley Seeks New Image for FBI

By Robert Reinhold



Clarence Kelley

CAMBRIDGE, Mass., April 1 (NYT).—J. Edgar Hoover would not have believed his ears. There was the director of the Federal Bureau of Investigation modestly asking an audience of Harvard students and professors for their ideas to help the FBI "adapt to human needs" and telling them how he hopes to gain insights about "the possibility we are straying a bit from the path."

But there he was, Clarence Kelley, Mr. Hoover's successor as director of the FBI venturing onto the Harvard campus. And his agency has traditionally been about as welcome as a fox in a chicken coop. He was received cordially, although his answers to pointed questions about FBI policy seemed unresponsive and disappointing to many in the audience.

The director's day at Harvard last month, during which he met privately with small groups and then spoke publicly at the Harvard Law School Forum, was part of the low-key but determined national drive by Mr. Kelley to alter the FBI's public image, particularly among its "natural enemies" like college students and professors.

Series of Talks

Friday he spoke at his alma mater, the University of Kansas, and Wednesday he is scheduled to appear at the National Press Club in Washington. His office

says he has held about 25 news conferences since taking over the bureau last July.

He seems to be trying to set a relaxed tone for his 8,500 agents. He liked to point out that he sometimes wears colored shirts, although he prefers white ones. And he often concedes on the podium that he does not know an answer to a question and—uncharacteristically for an FBI director—refers to a subordinate.

Reaction was mixed. Paul Bixby, a freshman, remarked, "I think he has lots of guts to sit in the hot seat," but quickly added that he was unimpressed by the answers.

A number of scholars specialists in law enforcement who met with Mr. Kelley described him in terms such as "sincere" and "honest." But few were satisfied, particularly with his responses to questions about FBI procedures such as the use of provocateurs and the gathering of derogatory data on elected public officials.

Jackson Predicts Oil Firm Profits To Soar This Year

WASHINGTON, April 1 (UPI).—Oil company profits for the first quarter of 1974 will be so high that they will seem obscene, Sen. Henry Jackson, D.-Wash., told an AFL-CIO meeting today.

"You drown yourself talking," said John Murphy, another Georgetown graduate student, "and at the end, you get a feeling that sometimes they just don't understand what you're doing."

He offered an example. "They want to know what we have that's equivalent to the Komintern," he said, referring to the powerful Communist youth organization. "All we can come up with so far is the Boy Scouts and Girl Scouts."

Two of the most popular guides at the exhibition in Kishinev, because they both speak Romanian, are Leonard Olson of Urbana, Ill., and Katherine Walker of Portland, Ore. Moldavia was annexed by Stalin from Romania in 1940 and more than a few Moldavians delight in volunteering to interpret between the Russian visitors and Mr. Olson or Miss Walker.

The exhibition, which has been drawing overflow crowds of about 10,000 visitors a day, opened last May in Moscow, and has since visited Irkutsk in Siberia, Ufa in the Bashkir Republic and Eriwan in Armenia. Thursday, it will open at its last site, Odessa in the Ukraine.

Jury Told Boyle Paid for Killings

MEDIA, Pa., April 1 (UPI).—Special Prosecutor Richard Sprague charged today that former United Mine Workers president W.A. "Tony" Boyle "called for and paid for" the slaying of union reform candidate Joseph Jock Yablonski.

In his opening remarks at the murder trial of Boyle, 72, Mr. Sprague told the jury of nine men and three women that Boyle "gave the orders for that assassination."

Mr. Boyle was slain along with his wife and daughter in Clarksville, Pa., on Dec. 31, 1968. Mr. Sprague argued that, when Mr. Yablonski announced on May 29, 1968, that he would oppose Boyle for the union presidency, he "signed his own warrant for death."

In his opening statement, defense attorney Charles Moses said the allegations made in the case "are simply not true." He said the "ultimate issue" was whether Boyle was responsible for the deaths. The answer is no."

Mrs. Luce Criticizes Time's Nixon Stories

NEW YORK, April 1 (AP).—Clare Boothe Luce, widow of Time magazine founder Henry Luce, has accused the news weekly of several stories trying to destroy President Nixon. She also warned that if Mr. Nixon fell the United States would need "an even tougher president to restore its world prestige."

Mrs. Luce, former ambassador to Italy and member of Congress, protested Time's reporting of the Watergate affair in a letter written from her home in Honolulu and published by Time yesterday.

Nations Chided For Failure to Report Disease

GENEVA, April 1 (UPI).—The director general of the World Health Organization, today criticized member states for failing to give notification of dangerous diseases because they fear losses in tourism and exports.

Dr. Halfdan Mahler, in his annual report said this failure by governments hampers WHO's communicable disease surveillance program.

In WHO's history, he said, there has not been one single notification of a case of yellow fever having been imported into a member state and only one notification of suspected plague. The other diseases for which notification is obligatory are smallpox and cholera, which are more frequently reported.

G. Wu Pak-chui

HONG KONG, April 1 (UPI).—Gregory Wu Pak-chui, 61, a Chinese tenor who achieved fame during the Sino-Japanese war with his rendition of the patriotic song, "Defend China," died of cancer yesterday. Mr. Wu was a son of the late Italian tenor Beniamino Gigli.

Hunger Strikers Sent Back to Morocco

BRUSSELS, April 1 (Reuters).—Belgian police today broke into a locked Brussels church, removed nine Moroccan workers who were on a hunger strike and put them on a plane to Casablanca.

The Moroccans began their hunger strike five days ago. They were demanding permission to work in Belgium. Police said they entered Belgium as tourists and began working illegally. Later, their applications for work permits were rejected.

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"E" FOR EFFORT—One of the new courses—effective learningskills—is given at Stanford University in California teaches students how to relax before their exams.

Like British Colonialists'

Uncle Sam's Canal-Zone Law Stirs Panamanian Tempers

By Dan Morgan

RALEIGH, Panama Canal Zone, April 1 (UPI).—In the little Magistrate's Court which sits between the police station and the Elks Lodge atop a hill here, almost everything was American except the defendants.

Show's after 5:30 a.m. All were Panamanians, charged with offenses ranging from possession of marijuanna to trespassing.

A constable called the court to order in English and Spanish. Families and friends sat down and an American police officer read the charges in the first case—the Government of the Canal Zone versus Vilma Cordero.

Mrs. Cordero stood, slouching slightly and nodding when addressed by Judge John Baker, a recent law graduate of West Point and Yale Law School. Finally, he said to the constable: "I don't think she understands. Please read that in Spanish."

A few minutes later the woman was escorted back to jail, to await a hearing later in the day on a charge of re-entering the U.S. Air Force base after being ordered to stay out.

Few places in Panama better illustrate the basic issue that gives rise to the tensions in and around the Canal Zone than the Balboa Magistrate's Court.

Thousands of Panamanians and many Americans have passed through the lower court. Now the increasingly nationalistic population of Panama wants to recapture sovereignty over the Canal Zone, which, among other things, would end trials of Panamanians by Americans.

Although the United States has offered to make concessions to Panama, probably by allowing the republic more canal revenues and turning over some of the zone for urban expansion, many Panamanians say that U.S. prevailing over the 530-square-mile zone angers them most.

Some effort has been made to diminish the harsh side of U.S. law in the zone. Forty of its 300 policemen are Panamanians, and so are many court personnel.

Yet none of that satisfies the Panamanians, who hate the fact that American law governs a large area of their country.

"It's not right," a local newspaper editor said recently, as he drove his car on Fourth of July Street, the zone's boundary in Panama City.

"One minute I am in Panama. The next I can be picked up by a foreign policeman, tried in a foreign court and sent to a foreign jail—in my own country," he said.

Similar emotions were expressed recently by a truck driver, who lives in an \$18-a-month cottage in San Miguelito, a suburb of Panama City.

"There must be one law," he said. "No more American police, no more American courts, no more American judges." Otherwise, he predicted, there will be more violence of the kind that caused 21 deaths in 1964.

It seems to make little difference to Panamanians that most zone police are correct and meticulous or that Judge Baker runs his court smoothly and speedily.

Many say that being in American courts in the zone is a confusing and somewhat frightening experience. U.S. judicial of-

Keep Silent, He Sings

Russian Satirist Takes Art And Bitterness Underground

By Murray Seeger

MOSCOW, April 1.—In a crowded, smoke-filled room, Alexander Galich holds his audience spellbound singing tightly rhymed poems and parades about life in the Soviet Union.

Expelled from both the writers' and film workers' unions and handicapped by poor health, Mr. Galich is limited to performing for circles of friends who make tape recordings which are passed from hand to hand and are rerecorded dozens of times.

There were once five balladeers who had big audiences for their great variety of songs and poems about their country. Like old Russia itself, the songs were sad and funny, romantic and bitter.

But the balladeers also pointed at the operation of the Soviet system and caused people to laugh at the foibles of Soviets, bureaucrats. All have been driven from the official stage. The cultural censors have little patience with humor, especially when it becomes critical.

Besides Mr. Galich, the four other most popular balladeers who have been restricted are Natalya Matveva, Bular Okudzava, Vladimir Vysotsky and Yuli Kim, all of whom have turned to other work.

Residents in Audience

All kinds of people sing Mr. Galich's songs as they are passed from hand to hand all across the country. His small audience include some political dissident and Jewish activists but also a remarkable number of establishment types.

"I have been left with one sole right—the right to reconstruct myself in the complete absence of my rights to accept that my life is over at the age of 54, to receive my disability pension of 60 rubles a month and to keep my mouth shut," Mr. Galich said in a letter to the International Commission for Human Rights last month.

Many of his friends have emigrated, inspiring a song that says, "My hand has grown thin from shaking hands good-bye."

"Leave, but I'll remain. In this land, I'll remain. Someone must stand watch over the peace of our dead."

Mr. Galich reveals that the Galich's product is barbed wire.

The Triple Lesson

Mr. Galich in another song says the triple lesson of Soviet education is "to chew, to moo and to listen."

"Hiding our eyes for security's sake we have kept silent so many times," he sings in another.

"Of course, we are never against, we are for... Keep silent, and you'll do OK. Keep silent, keep silent, keep silent..."

Mr. Galich, whose real name is Ginzburg, spent most of his career as a film script writer, working on some of the best Soviet movies made in the 1960s. Some of the films are still shown but his name has been erased from the credits.

In 1963, Mr. Galich started writing his poems and singing them to his own accompaniment on a small guitar.

Mr. Galich lives on a pension of 60 rubles (\$7.80 a month) granted after he had a series of heart attacks.

Invited to Paris along with dissident writer Vladimir Maximov, who left a few weeks ago, Mr. Galich could not go but did apply for a visa to visit his cousin in New York City. His application for a visa was rejected by the Soviet government "for ideological reasons."

"I have been left with one sole right—the right to reconstruct myself in the complete absence of my rights to accept that my life is over at the age of 54, to receive my disability pension of 60 rubles a month and to keep my mouth shut," Mr. Galich said in a letter to the International Commission for Human Rights last month.

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"Leave, but I'll remain. In this land, I'll remain. Someone must stand watch over the peace of our dead."

L.A. Times

Suicide Causes Crash Of 2 Trains; 2 Die

NEUCHATEL, Switzerland, April 1 (UPI).—An apparent suicide three days after the submission of an opposing resolution calling for "continued undiluted U.S. sovereignty" over the zone. It was sponsored jointly by 33 senators

The measure was introduced three days after the submission of an opposing resolution calling for "continued undiluted U.S. sovereignty" over the zone. It was sponsored jointly by 33 senators

Sen. Gale McGee, D-Wyo., warned today that if the United States and Panama do not negotiate a mutually acceptable Canal-Zone treaty, there could be an armed confrontation.

Judge Wendy said his refusal to treat Marshall as a minor was based on the results of two psychological tests which showed that he had no remorse for his crime and was "developing a sense of self-immunity to the customs of society."

After hearing the sentence, Marshall chattered briefly with guards and shouted: "I ain't accepting that sentence. Your Honor, I will not accept that sentence."

Judge Wendy said his refusal to treat Marshall as a minor was based on the results of two psychological tests which showed that he had no remorse for his crime and was "developing a sense of self-immunity to the customs of society."

One of the favorite Galich songs describes how a diligent Russian worker keeps asking why he cannot receive the usual honors given those who fulfill their production quotas. The factory, he says, has already fulfilled its quota for the year 1970 and met the demands of all the other Socialist countries.

"But you yourself can imagine what sort of assessment the BBC would give to such afeat," his bossie answer.

In the last line of the song,



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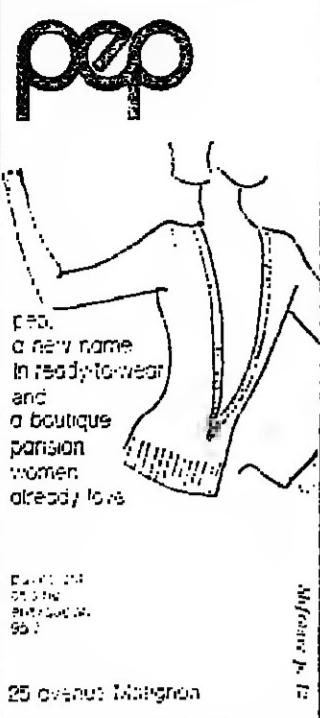
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BRUSSELS The Business Of Making Learning Fun

By Jan Sjöby

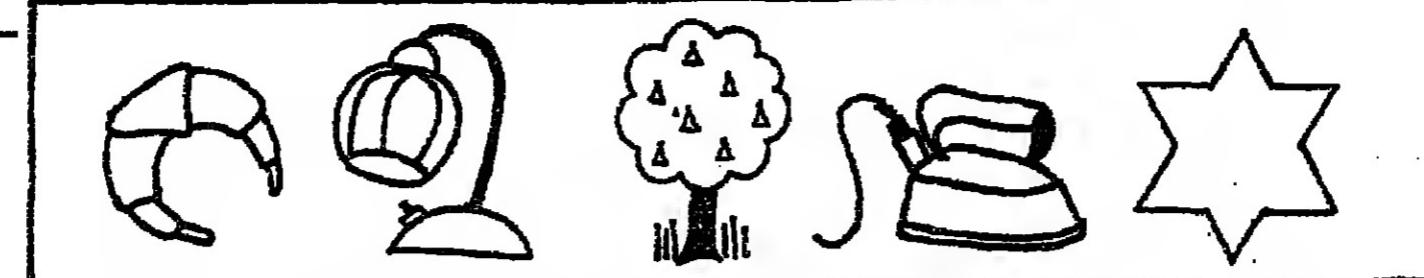
BRUSSELS (IHT).—The ground floor of the Calzett Institute at 40 Rue des Chartreux in Brussels looks like a hobby shop, and perhaps it is. Learning director Jean de Groot believes, should be on a hobby basis. It ought to be challenging, meaningful fun.

Educators tend to agree. The Calzett showroom is visited by teachers from all over the world, looking for new ideas and new approaches to the impossible task of teaching.

"A teacher can't teach anyone anything," asserts Mr. de Groot. "He or she can merely inspire and guide a learning process. We, in close cooperation with a number of similar organizations around the world, are trying to help the teachers."

The help is primarily directed toward the teachers on preschool and primary-school levels because "that's where the trouble starts."

"The human brain is fully developed at an age of 6 or 7," said Mr. de Groot, "waiting to be filled with relevant information, to be trained to operate at full capacity. We can't afford to waste that capacity, but we do through inadequate teaching methods. The kids aren't inspired enough to face primary school. In primary school, they



Samples of the Calzett teaching aides for kindergarten children. In the top series, the child is asked to circle an object that might burn him; in the bottom series, to circle the object from which a sweater could be knitted.

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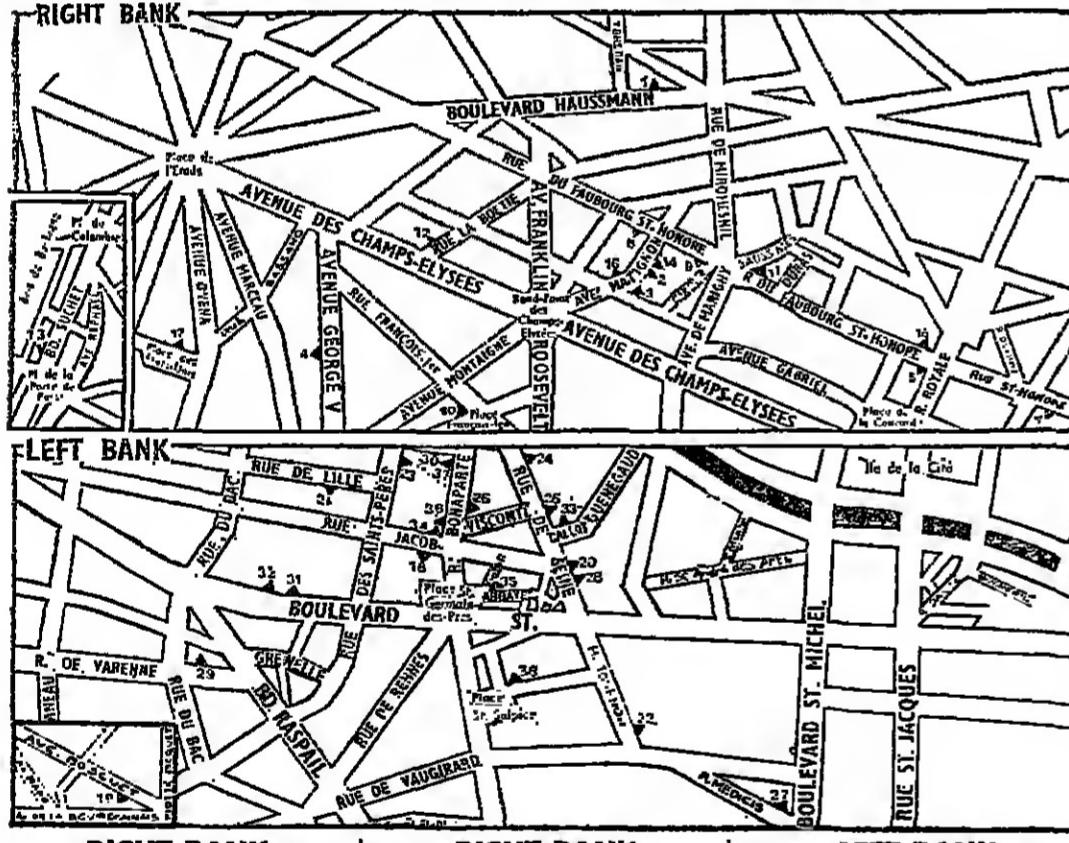
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U.K. Share Prices Off As 2d Brokerage Fails

LONDON April 1 (AP-DJ)—The failure of another brokerage firm, worries over liquidity and continued strikes continue. Labor government policies drove

Rise in Prices Slows in France

PARIS April 1 (Reuters)—France's wholesale price index for industrial products rose 0.3 percent in February, compared with the 0.3 percent rise in January, the National Statistics Institute said today. Prices for industrial-energy products rose 0.6 percent, compared with January's 1.0 percent increase.

Russians Fed Oil to America Amid Boycott

NEW YORK April 1 (AP)—The Russians were shipping quantities of their own petroleum products to the United States at the same time they were publicly encouraging the Arab oil boycott against this country.

U.S. customs records indicate since the first of the year, four tankers have docked in New York and New Jersey ports carrying Soviet petroleum supplies, including more than 15.5 million gallons of gasoline.

In Washington, federal officials said they were not surprised to learn of the Russian imports. One State Department official said the imports began long before the Arab boycott and there never was any indication the Soviet Union intended to join the Arab action.

"In fact," the State Department official said, "I don't think the Arabs ever asked the other OPEC (Organization of Petroleum Exporting Countries) members to join the boycott."

In the case of some of the imports, he added, "the same ships that took over our wheat brought back their oil."

VW Said to Eye Manufacture of a New Light Truck

BONN, April 1 (AP-DJ)—Ferdinand, the U.K. subsidiary of Massey-Ferguson of Toronto, may sign a major contract with Volkswagen to make diesel engine for a new light truck which would be the "largest VW" ever built, it was reported here today.

A VW spokesman refused to deny or confirm reports that Rudolf Lederer, VW's management board chairman, had made plans to seek direct competition with Daimler-Benz in building a new light truck with a lead capacity of more than two tons. The project is not "ripe" enough to make a comment on it, he wrote, without concrete details, the spokesman said.

VW's current biggest truck has a leading capacity of two tons. The new type of commercial vehicle the company has in mind would be a direct challenge to Daimler-Benz's Hanomag-Krauss subsidiary in Bremen, which has specialized in making light trucks, partly based with British Auto.

Under tentative plans originally contemplated by the two West German motor companies, VW would have acquired a 50 percent shareholding in the Daimler subsidiary. VW now appears to have abandoned the idea of cooperation with Daimler-Benz to seek competition instead.

According to confidential reports, the new VW truck will have a water-cooled truck engine due to be developed by Audi. Perkins might be given the order to develop a diesel engine for the new design. VW has no diesel engine in its current production program.

VW is believed to be looking for new markets and for new products now that the company has run into difficulties in selling cars at home and abroad. But there are doubts whether the new commercial vehicle onslaught will be successful, as Daimler-Benz, Ford, Opel and Fiat are already in the market.

Loan Set for Glasgow

LONDON April 1 (Reuters)—The City of Glasgow has arranged a \$20 million, 10-year medium-term syndicated loan, bankers said here today. The loan carries a spread varying between five eighths and seven eighths of a percentage point over the London interbank Eurodollar rate.

Japan Lends to Syria

DAMASCUS, April 1 (AP-DJ)—Japan has agreed to give Syria a \$20-million loan to finance land reclamation projects in the Euphrates River area, it was announced here yesterday. The 30-year loan carries a 6.5 percent interest rate.

Inflation Outlook in U.S. Divides Economists

By Soma S. Golden

NEW YORK, April 1 (NYT)—Milton Friedman, the celebrated conservative economist at the University of Chicago, predicted three or four years from now inflation in the United States will be soaring at a steady 10 to 12 percent.

The index has dropped more than 20 percent from its level on Feb. 23 election day, when it was at 275.5, and it has dropped another 24.2 points since Chancellor of the Exchequer Denis Healey announced the government budget on March 26.

Share prices are only 12 points from a 16-year low, and taking inflation into account, it is estimated that share values are now lower than in the mid-1920s. Some believe the market has now established a base, but there are other predictions that share prices will "bottom out" later this year at about 220, as measured by the Financial Times index.

Prices opened higher Monday but quickly turned downward after the stock exchange announced that Chapman & Rose, a seven-partner brokerage firm, was in "default" and unable to carry on its business. It was the second brokerage firm to fall in the past three trading sessions. Minton, Butler, Priest & Co., a slightly bigger medium-sized firm, was "hampered" Thursday.

There are fears that other brokerages may be in trouble. Chapman & Rose and Minton, Butler, Priest are the first London brokerages to fall in three years, but the exchange compensation fund is expected to have to pay out about £50,000 for James O'Connor & Co., an Irish brokerage firm that went into default earlier this year.

It is not yet known how large the deficiencies of Chapman & Rose and Minton, Butler, Priest are. The stock exchange fund is used to cover failed firms' liabilities to clients, and member firms are assessed contributors to this fund.

Besides the brokerage failure, the market is weighed down by fears of a major squeeze on corporate liquidity which could cut the capital spending plans of industry.

British business has already been severely hurt this year by the coal miners dispute and energy restrictions—including the three-day week that went along with it.

In addition, the government has imposed gross profit margins on food companies, raised corporate taxes in general and increased the contributions of companies to national insurance plans.

Former Prime Minister Edward Heath said last week that the new budget would do "considerable harm to industry" and other Conservative party spokesmen claim the budget does nothing to encourage increases in new investment, still below 1969 levels.

Share prices of Britain's largest companies have not escaped the lunge. Imperial Chemical Industries closed today at 201 pence, down about 40 pence from its price a year earlier, while British Leyland was at 14, less than half its share price a year earlier.

British Petroleum closed at 320 pence, about 40 pence below where it was trading a year earlier, while Burman Oil was at 440, also down about 40 pence. Oil shares have benefited, however, from optimism of North Sea oil discoveries.

Gold shares have been the best performers on the London Stock Exchange, with the Financial Times gold index closing today at a record high of 283.8, three times higher than the year earlier close of 118.2.

Dollar Improves As Interest Rates Move in Its Favor

LONDON, April 1 (AP-DJ)—In pan-European business men are reporting a marked drop in domestic demand in the months ahead because of tight credit and other government efforts to damp inflation and balance the country's fiscal payments account.

That, of course, will mean increasingly difficult marketing for foreign companies trying to break the Japanese trade.

But, more than that, it will mean a step-up to Japanese sales efforts abroad. Makers of steel, auto and machinery could join in the offensive. This is so because Japanese producers, unlike Western competitors, are extremely reluctant to cut production to cope with dwindling sales at home. Their fixed costs are too high.

Financing Costs Unwinding

For one thing, because of the cost of lifetime employment, Japanese companies do not actually involve workers when they tighten slack. So labor costs cannot be significantly trimmed. Most companies, furthermore, raise bulk of their capital through bank issues rather than common stock or other equity issues. As these interest payments to leaders cannot be omitted as can common stock dividends, financing costs remain unwinding during good times and bad.

To meet such costs and dimmer prospects at home, companies must turn their attention increasingly to export marketing, an arena in which their success has long been legendary.

This time around, however, it may be harder. The economies of most major industrialized countries like Japan are slowing, so consumers may prove more reluctant buyers than in the past. Protectionism also is growing in many countries, if only because sharply higher oil prices are threatening to plunge the international accounts of most industrialized nations into the red: they all want to trim the imports that swell their capital outflows.

Bigger Surplus Forecast

What is more, wage rates here were more or less eroded out for the first time this year. Previously, the differentials in favor of the mark had been significant. A dealer said the shift in interest rates, plus the Bundesbank's support for the dollar on Friday, probably helped tip foreign exchange in favor of the dollar today. He said that otherwise there was little news to affect the foreign exchange market.

The dollar also gained sharply against the Swiss franc, rising to 3,033 francs from 3,0010 Friday.

However, sterling rose against the dollar to \$2,393 from \$2,394 as Eurosterling interest rates held steady at 20 percent offered for one month and 19.5 percent for three months.

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Milton Friedman
... fears runaway inflation

Chairman earlier in the Nixon administration, gives "high probability" to the notion that "modern societies do not have the knowledge and the will to keep prime level reasonably stable."

And Henry Kaufman, a leading Wall Street economist, warns that "persistent inflation breaks the back of the middle and lower-income groups." It goes on long enough, he said in an interview, it will "destabilize the political structure of the country" and push it sharply to either the left or the right.

Economists are generally convinced that 1974, by year end, will look better than the meager inflation of recent weeks, when consumer prices rocketed at a 15.8 percent annual rate. But, at best, prices in December will still be climbing by 6 or 7 percent—a pace incurably inconceivable in postwar America, particularly during a year of slow growth like 1974.

And should the present acceleration fail to subdue, 1974 could usher the United States into the world's double-digit inflation 10 percent and higher. It is a world from which there is no sure exit for a modern industrialized country without a major economic collapse or a long recession.

The second half of 1974 will be a crossroads for the future of inflation in America, Treasury Secretary George Shultz warned recently in congressional testimony. In an interview, he conceded that the recent rate of inflation had been a shock, and he agreed with others that inflation went unchecked. It could lead people to question the very nature of their political-economic system.

Wendessing Urged

Prof. Friedman in recent weeks has sounded like a far-out radical, calling for a comprehensive national "indexing" system modeled on the "indexing" system used to succeed in Brazil. He would attach a variety of escalator clauses to all wages and pensions and to such items as bond interest rates so that prices would be compensated for 100 percent of the increase in prices.

Compared with this sweeping proposal, the ideas of most Democratic liberals seem cautiously conservative. Yale University's James Tobin, a member of President Carter's CEA, wants to "index" federal bonds—but he will not go so far as Prof. Friedman.

Arthur Okun, another Democratic chairman, will not even go so far as Prof. Tobin and regards the Chairman's idea as a "surrender" to inflation.

These leading Democrats think—and have thought for some years—that the inflationary worries of their peers were exaggerated. Indeed, even the current CEA chairman, Herbert Stein,

is not clear what to do about it.

The second half of 1974 will be a crossroads for the future of inflation in America, Treasury Secretary George Shultz warned recently in congressional testimony. In an interview, he conceded that the recent rate of inflation had been a shock, and he agreed with others that inflation went unchecked. It could lead people to question the very nature of their political-economic system.

How hard will labor push this year for wage increases and what will that do to prices?

• If the economy starts to climb in the second half, won't that kick off new price pressures, in sectors of business with tight supply?

• Will world demand continue to be a problem, sucking scarce goods out of the United States and pushing up domestic prices?

• Is the United States likely to move into a pattern of relentless inflation, with prices rising faster at the peak of every business boom?

There are still no clear answers to these questions. And despite all the unknowns, economists are trying to rescue policymakers with new ideas, old ideas, anything that might help calm the inflationary spiral. The profession, it seems, is convinced that the problem can at least be curbed without resorting to the traditional cures for inflation—which are a lengthy recession or, even worse, a depression with double-digit unemployment rates.

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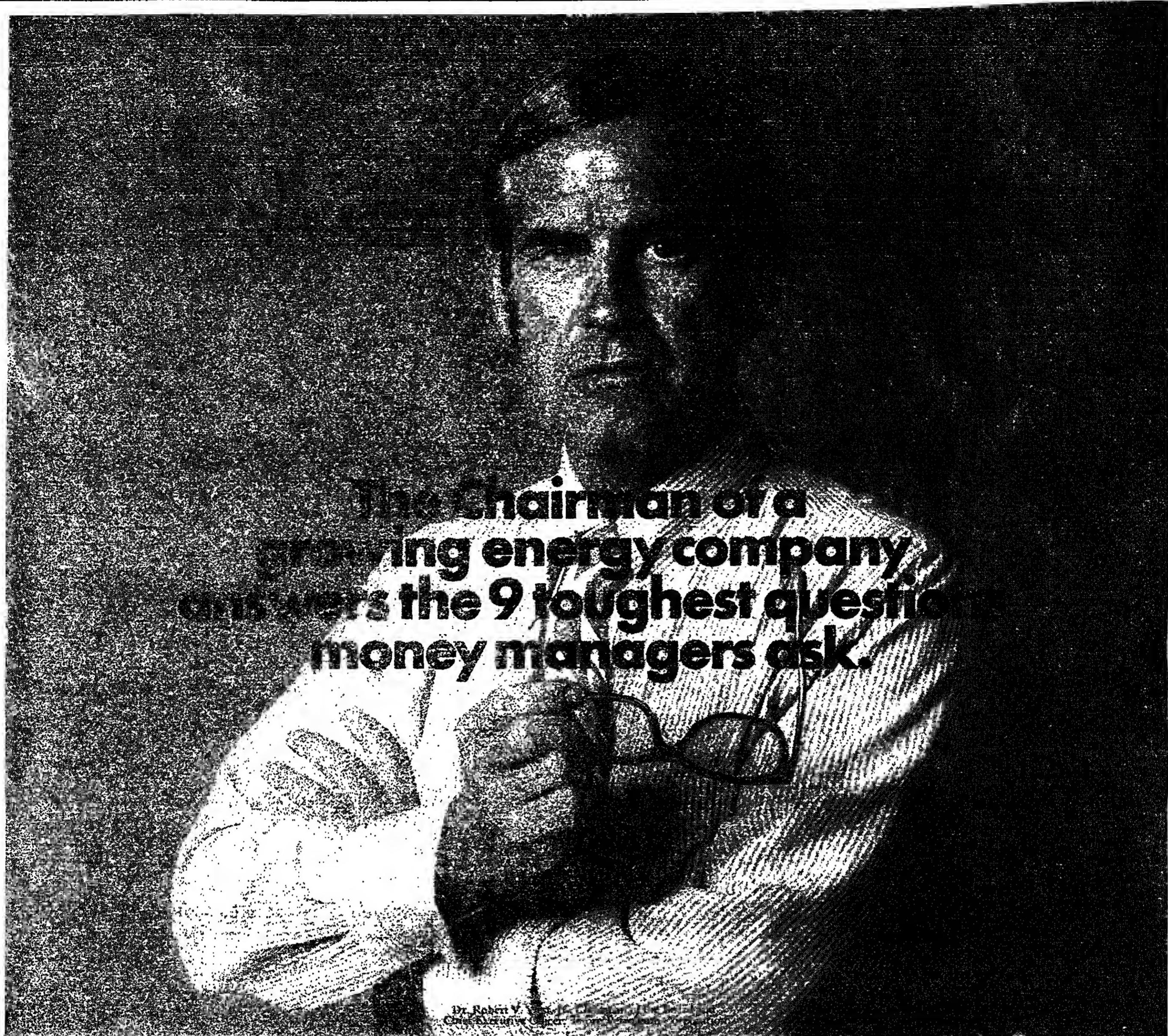
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As chairman of a leading energy company, here are the 9 toughest questions money managers ask

Dr. Robert V. West Jr.
Chairman and Chief Executive Officer, Tesoro Petroleum Corporation

As the number one performer in the energy industry, Tesoro Petroleum Corporation quite understandably has attracted the attention of the investment community. The men responsible for billions of investment dollars have been asking forthright questions of Tesoro's Chairman, Dr. Robert V. West, Jr. Here are their questions—and his answers.

Q. During the past seven years, the compound growth rate of Tesoro's per share earnings has exceeded 30% per year. Also in the first quarter of the current year, Tesoro's per share earnings were 50% of those for the same quarter last year. Do you think Tesoro can sustain these rates of earnings growth?

A. Obviously it would be impossible to maintain a 300% earnings growth rate for any sustained period of time. A 30% compound growth rate is also difficult to maintain over a long period. However, through judicious investment we expect to maintain the attractive growth rate in per share earnings that our company has experienced in recent years.

Q. There has been a lot of controversy regarding accounting practices in the petroleum industry. How does Tesoro handle its accounting, particularly for petroleum exploration and production?

A. Tesoro uses the principle of full-cost accounting whereby all exploration and development costs are capitalized, and subsequently amortized on a unit-of-production basis as the petroleum developed from these expenditures is produced.

The full-cost pools established under this principle are treated separately for different international and geo-political areas. Our company is a proponent of full-cost accounting, and believes strongly that drilling dry holes is as much a part of the development expense

of oil and gas reserves as is the drilling of production wells. We feel that all of these expenses represent the "full cost" of being in the exploration and production business.

Q. In recent years Tesoro has continually made capital expenditures substantially in excess of its earnings. Do you intend to continue this policy?

A. It's true that our capital budget has exceeded our net earnings over the past several years. We are pursuing this policy in 1974 as well. The petroleum business provides a well-managed company many opportunities for investment, partially with borrowed capital, in anticipation of tomorrow's energy needs and price levels. We are making these investments now because we believe in the future of the energy industry in the United States.

Q. In an industry that is going to require capital investments of \$700 to \$800 billion by 1985, and therefore in which companies will have great financial capability, what future do you see for a medium-size company like Tesoro?

A. There are more opportunities for a well-managed company of Tesoro's size than for the giant majors. Tesoro is more flexible than a major company and can respond to opportunities more quickly because it is not bound by tradition as the majors are. Neither is Tesoro so multi-national in character that the adoption of a new policy in one area upsets existing policies in other areas. Despite our size, with our banking connections, capital structure and security listings on the New York and London stock exchanges, we are able to attract the capital funds needed for many growth opportunities.

Q. How do you feel about the political climate of Trinidad and Tobago?

A. We are extremely confident about the stability of the Government of Trinidad and Tobago, with whom we are co-owners of the stock of a Trinidad corporation—Trinidad-Tesoro Petroleum Company Limited. We are also most optimistic about our future in this area for a number of reasons. These include the abundance of talent and natural resources, the improved world price structure for petroleum energy, and the unique

international integrity of the Government, with whom our relations continue to be excellent.

Q. Recently Pertamina, the state-owned oil company of Indonesia, announced that it was renegotiating production-sharing contracts with oil companies in Indonesia. What do you think of this action?

A. Prices for low-sulfur Indonesian crude oil have risen sharply on world markets. Pertamina feels that it is entitled to a greater percentage of these higher prices—an attitude similar to the one held by those in the U.S. who favor an "excess profits tax" on petroleum companies. The Indonesian Government is under pressure at home to generate more revenue for social and economic programs, and obviously felt that the most convenient way to produce the money it needed was through greater participation in the sharply increased profits from Indonesian oil production. This action will certainly deprive companies operating in Indonesia of some income which they probably would have reinvested in the country.

Q. With the nationwide shortage of gasoline, how will Tesoro continue to expand its gasoline sales?

A. In recent years, Tesoro's retail sales of gasoline have expanded at an annual rate of about 25 percent. Much of this growth is due to an increase in the number of stations of Degas Company, a wholly-owned Tesoro subsidiary which markets gasoline through high-volume stations. With nationwide limitations on gasoline supply, the expansion rate of the Degas chain will obviously be curtailed. However, with the firming of gasoline prices, profitability of marketing operations has improved and decreases in expansion rates should be more than offset by increases in profit margins.

Q. With the approval of the Alyeska Pipeline, business activities in Alaska are expected to increase. How active is Tesoro in Alaska?

A. Tesoro owns the largest crude oil refinery in Alaska. In addition, we market gasoline through 75 owned or controlled service stations. We are also planning to open a geological office in Anchorage in order to become active in oil and gas exploration. In short, our company already is very active in Alaska, and plans to increase its involvement there substantially.

Q. You have talked and written about the need for our country to become self-sufficient in energy. How do you see us achieving this, and how will Tesoro be involved aside from its present activities?

A. America has numerous unexplored areas that are prospective for oil and gas production, particularly areas offshore from the east and west coasts, deeper offshore fields in the Gulf of Mexico and several parts of Alaska. Tesoro plans to be active in petroleum exploration in these areas. America also has vast reserves of coal and of oil shale. Recently we formed a new division, Tesoro Coal Company, to concentrate on the acquisition and development of coal properties. We believe that coal must satisfy a great portion of America's energy needs in coming decades, and we intend to become very much involved in the coal business. Later, as environmental problems are solved and as Government leases are granted, our company hopes to be active in the production of shale oil. American self-sufficiency in energy will be difficult, but not impossible, to achieve. Coal and shale oil will play large roles in the self-sufficiency process, and we expect to be important in both.



Tesoro Petroleum Corporation

If you have further questions about Tesoro, you may find the answers in our Annual Report. For your copy, write Tesoro Petroleum Corporation, 8700 Tesoro Drive, San Antonio, Texas, 78284. Or call: 512-828-8484.

American Stock Exchange Trading

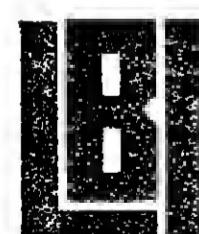
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International Currency Rates

By reading across this table of yesterday's closing inter-bank foreign exchange rates, one can find the value of the major currencies in the national currencies of each of the following financial centers. These rates do not take into account bank service charges.

Amsterdam 2.50% 6.41% 105.74 45.45% 45.13% 1.00% 1.00% 1.00%

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Introduction

to the Amsterdam Stock Exchange or **CONTINENTAL DEPOSITORY RECEIPTS ('CDRe')** to bearer, each representing 500 shares of Y 50 par value each.

Issued by

The inclusion of these CDRs in the Official Pricelist of the Amsterdam

21

The first price at which the CDRs will be traded will be determined on the basis of the closing price of the shares of Mitsubishi Electric Corporation at the Tokyo Stock Exchange on April 8, 1974. On the first day of trading ADC's charges on issuance of CDRs will be for account of Mitsubishi Electric Corporation.

Intermediary

Copies of the Dutch prospectus on file at the Dutch Central Bank.

Copies of the Dutch prospectus and of the Deposit Agreement and of an English translation thereof may be obtained free of charge at the offices of the undersigned in Amsterdam, Rotterdam and The Hague, where also copies in English of the semi-annual reports of Mitsubishi Electric Corporation for the fiscal year ended March 31, 1973, and of its Articles of Incorporation and Share-handling Regulations are available for inspection by the public and, to a limited number, may be obtained free of charge.

amsterdam-rotterdam bank n.v.
algemene bank nederland n.v.
bank mees & hope nv
pierson, heldring & pierson

Amsterdam, March 29, 1974

